



IOWA ALCOHOLIC BEVERAGES DIVISION

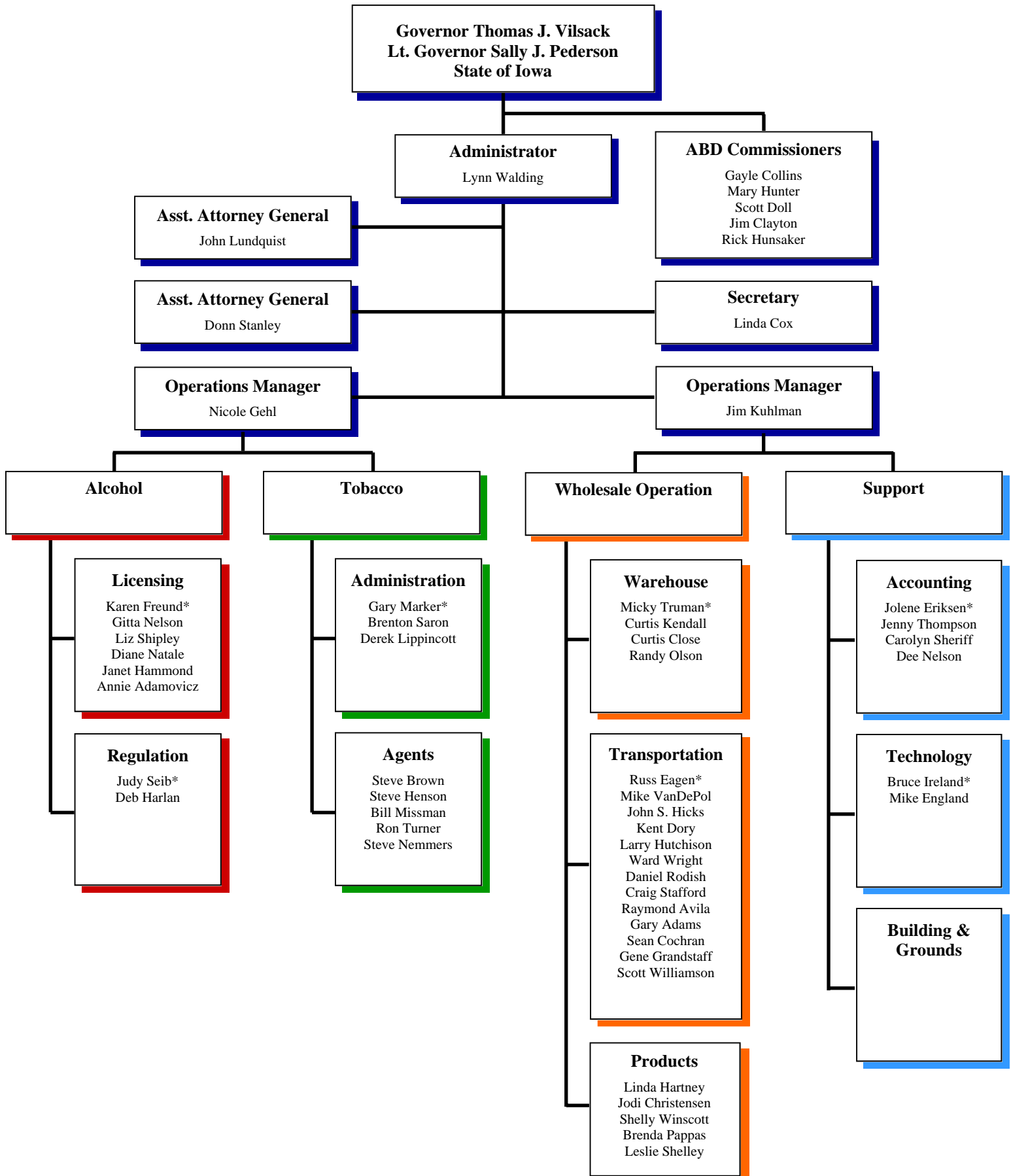
72nd Annual Report

July 2005 – June 2006

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IOWA ALCOHOLIC BEVERAGES DIVISION



ALCOHOLIC BEVERAGES COMMISSION

The Iowa Alcoholic Beverages Commission is created under Iowa Code section 123.5 and is comprised of five members appointed by the governor subject to confirmation by the senate. Commissioners are appointed for 5-year staggered terms and are chosen on the basis of managerial ability and experience as business executives. Commissioners are eligible for one 5-year reappointment.

The commission is required by law to meet on July 1 of each year and at the call of the commission chairperson or when any three members file a written request for hearing with the chairperson. The commission acts as a policy-making body and serves in an advisory capacity to the Division administrator. Commissioners may review, affirm, reverse or amend all actions of the administrator in the wholesaling of liquor and intoxicating liquor, and in the licensing and regulating of Iowa's alcoholic beverages industry.



Dick Stoffer was appointed to the Alcoholic Beverages Commission in May of 1996 and reappointed to another 5-year-term in 2001. Commissioner Stoffer served as Secretary, Vice-Chairperson and was serving his second term as the Chairperson of the Iowa Alcoholic Beverages Commission when his second term expired in April 2006.

Commissioner Stoffer is a graduate of Simpson College with a BA in Political Science and is currently employed as the legislative liaison for Hy-Vee, Inc. Commissioner Stoffer is also active in many other organizations including the Variety Club and the Juvenile Diabetes Foundation. Commissioner Stoffer resides in West Des Moines, Iowa.



Mary Hunter was appointed to the Alcoholic Beverages Commission May 1, 2002, and assumed the duties of Chairperson July 1, 2006. She has also served as Secretary and Vice-Chairperson of the Commission. Commissioner Hunter is a graduate of Drake University with a Business Management and Marketing degree and is currently employed at Hy-Vee, Inc. as Assistant Vice President, Pharmacy Acquisitions. In addition to her duties on the Commission and at Hy-Vee, Commissioner Hunter is a school volunteer and is involved with Variety Club, Juvenile Diabetes Research Foundation and the American Business Women's Association. She will assume the leadership position as President of the ALS (Lou Gehrig's Disease) in January 2007. Commissioner Hunter resides in Clive.

ALCOHOLIC BEVERAGES COMMISSION (Continued)



Scott Doll was appointed by Governor Vilsack to the Alcoholic Beverages Commission May 1, 2003, and recently was elected as Vice-Chairperson of the Commission. He previously served as the Secretary. Commissioner Doll is a graduate of the University of South Dakota with a Mass Communications / Advertising degree. He is Vice-President of Doll Distributing in Council Bluffs. Commissioner Doll is also active on the Council Bluffs Industrial Foundation Board and is serving as Vice-President for the Pottawattamie Conservation Commission. Commissioner Doll makes his home in Council Bluffs, Iowa.



Jim Clayton was appointed to the Alcoholic Beverages Commission February 14, 2005, and was recently elected Secretary of the Alcoholic Beverages Commission. Commissioner Clayton is a graduate of Beloit College with a B.A. degree and is the owner of The Soap Opera, a retail specialty store in Iowa City. He is the co-chairperson of The Stepping Up Coalition, a campus community initiative to reduce the harmful effects of high risk drinking by students at The University of Iowa, and served as the project coordinator from December of 2002 until July of 2005. Commissioner Clayton serves on the board of The ARC of Johnson County and is an active volunteer with Big Brothers-Big Sisters. Commissioner Clayton lives in rural Iowa City.



Gayle Collins served as the Chairperson of the Iowa Alcoholic Beverages Commission for Fiscal Year 2005. She has also served as Vice-Chairperson and Secretary of the Commission. Commissioner Collins was appointed to the Alcoholic Beverages Commission by Governor Tom Vilsack in May 2001 and reappointed to another 5-year-term in 2005.

Commissioner Collins graduated from the University of Iowa with both Bachelors and Masters degrees. She also received a Masters degree in counseling from Drake University. Commissioner Collins is currently a commercial real estate agent with Iowa Realty Commercial in Des Moines. In addition to her duties with the Commission, Ms. Collins has served as President of the Des Moines Park and Recreation board and has been involved in many community organizations including the 2004 and 1995 AAU Junior Olympics. Ms. Collins has also been politically active in city, county, state and national projects, and she resides in Des Moines, Iowa.

ALCOHOLIC BEVERAGES COMMISSION (Continued)

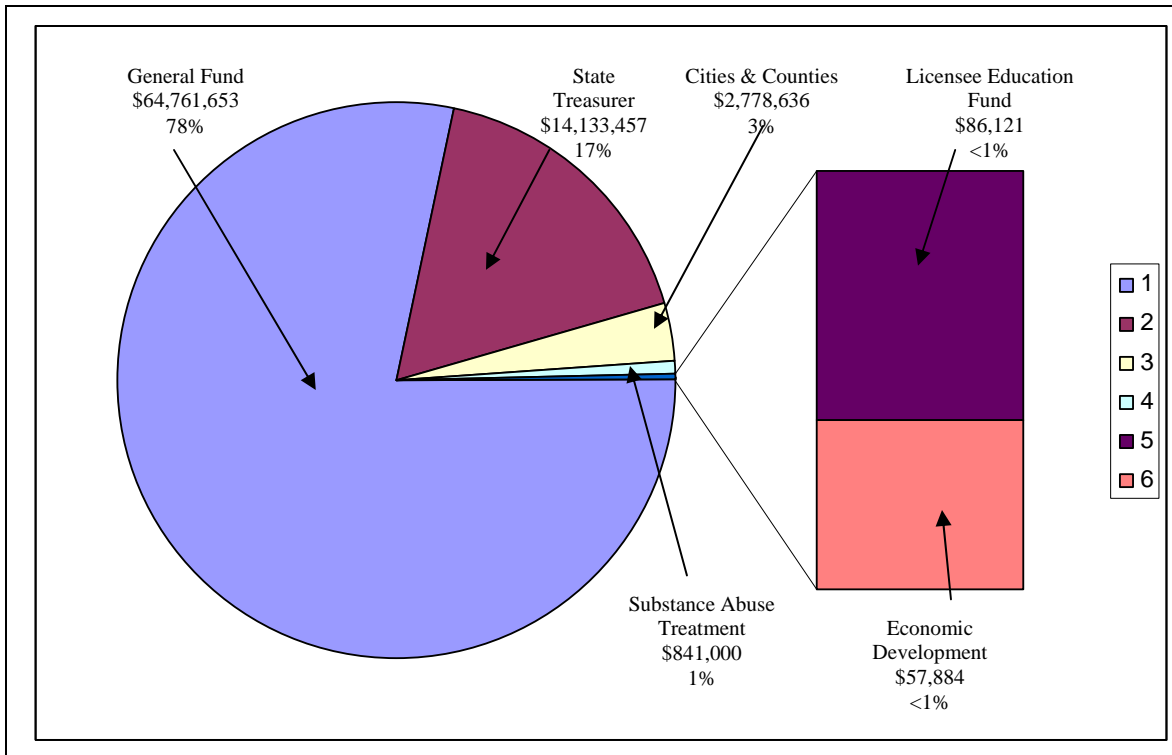


Rick Hunsaker, the newest member of the Commission, was appointed to the Iowa Alcoholic Beverages Commission by Governor Tom Vilsack on May 1, 2006. Commissioner Hunsaker is a graduate of Drake University, receiving a BA in 1988 and a Master of Public Administration in 1990. He is the Executive Director of Region XII Council of Governments in Carroll, a regional agency serving 6 counties and 58 cities in west central Iowa. Commissioner Hunsaker serves on the Board of Directors for the Iowa Association of Regional Councils (past chair), the Association of Iowa Workforce Partners, Carroll Area Development Cooperation, and Western Iowa Advantage, an eight county cooperative marketing group. Mr. Hunsaker is a member of the American Planning Association and the Iowa Historic Preservation Alliance. He is the current treasurer of Depot Center, Ltd., a local non-profit historic preservation organization. Commissioner Hunsaker resides in Carroll.

TOTAL FUNDS GENERATED

	FOR 12 MONTHS ENDED 6-30-06	FOR 12 MONTHS ENDED 6-30-05
Direct Transfer to General Fund (\$10,275,081 earmarked for Substance Abuse Treatment)	\$64,761,653	\$60,275,081
Transfer to State Treasurer – Beer & Air Tax Collections	14,133,457	14,062,346
Remit to Cities & Counties – 65% of Licensee Fees	2,778,636	2,751,043
Licensee Education Fund	86,121	106,886
Transfers to Substance Abuse Treatment	841,000	780,000
Transfers – Economic Development (Native Beer & Wine)	<u>57,884</u>	<u>39,148</u>
TOTAL FUNDS GENERATED	<u>\$82,658,751</u>	<u>\$78,014,504</u>

FY 2006 Profit Distribution \$82,658,751



SOURCE AND USE OF FUNDS

Fiscal Year 2006

Sources of Funds

Sale of Liquor	\$ 160,880,750
Sale of Licenses	\$ 9,917,176
Beer Tax Collected	\$ 14,141,415
Wine Tax Collected	\$ 5,663,917
Miscellaneous Revenue ⁽¹⁾	<u>\$ 2,489,824</u>
Source of Funds	\$193,093,082

Uses of Funds

Payments of Liquor	\$ 105,584,426
Transfer to State General Fund ⁽²⁾	\$ 65,027,064
Transfer to Other State Departments ⁽³⁾	\$ 14,961,087
Cities and Counties – License Fees	\$ 2,778,636
Miscellaneous Expenses ⁽⁴⁾	<u>\$ 3,401,699</u>
Use of Funds	\$ 191,752,912
Increase in Cash Balance	<u>\$ 1,340,170</u>

⁽¹⁾ Misc. Revenue Includes:

Liquor Tax-Air Carrier
Misc. Income
Split Case Fee
Bottle Deposit Fee
Bottle Recycle Surcharge
Bailment Case Fee

⁽²⁾ Transfer to
General Fund Includes:

\$11,261,653 Earmarked
for Substance Abuse

⁽³⁾ Transfer to Other
State Dept. Includes:

Beer Tax
Liquor Tax – Air Carrier
Sunday Sales Fees
Economic Development
Sales Tax

⁽⁴⁾ Misc. Expenses Includes:

Operating Expense
Bottle Deposit Refund
Recyclable Surcharge Fee

VITAL STATISTICS

SALES

To Class E Liquor Retailers **\$160,880,750**

SUMMARY OF REVENUE FROM LIQUOR OPERATIONS

(for year ended June 30, 2006)

Net Income	<u>\$63,688,399</u>
Additional Revenue	
Beer & Native Wine Tax Collections	\$14,191,081
Licensee Fees, Cities & Counties	2,778,636
Fines and Penalties	180,071
Liquor Tax – Air Carriers	<u>260</u>
Total Additional Revenue	<u>\$17,150,048</u>
Total Revenue Collected	<u>\$80,838,447</u>

OPERATING BUDGET

(for year ended June 30, 2006)

\$5,758,193

LICENSING

(as of June 30, 2006)

Retail Licenses & Permits Processed	9,593
Wholesale Licenses & Permits in Effect	121
Other Licenses & Permits	510
Liquor License Fees from \$195 to \$2,190	
Package Liquor License Fees from \$750 to \$7,500	
Beer Permit Fees from \$75 to \$300	
Wine Permit Fees - \$500	
Total License Fees Collected for Year Ended June 30, 2006	\$9,310,810

PURCHASING

Cases Purchased, year ended June 30, 2006	1,358,684
Cost of Liquor Purchased, year ended June 30, 2006	\$105,103,550
Number of Vendors	78

LIQUOR CONTROL JURISDICTIONS

Alabama	* Mississippi	* Ohio	Virginia
Idaho	* Montana	* Oregon	Washington
* Iowa	Montgomery Co., Maryland	Pennsylvania	* West Virginia
* Maine	New Hampshire	Utah	* Wyoming
* Michigan	North Carolina	* Vermont	

** Wholesale Operations Only*

INCOME AND EXPENSE

	YEAR ENDED 30-Jun-06	YEAR ENDED 30-Jun-05
SALES		
Liquor Sales	\$160,880,750	\$146,786,807
Cost of Liquor Sales	<u>105,584,426</u>	<u>96,477,463</u>
Gross Profit of Liquor Sales	\$55,296,324	\$50,309,344
 OPERATING EXPENSES		
Salaries	\$1,526,813	\$1,448,177
Travel	8,066	11,828
Office Supplies	91,000	63,467
Other Supplies	88,192	13,035
Printing	3,663	0
Telephone	42,175	40,993
Rental - Buildings	7,493	8,122
Utilities	30,888	19,276
Other Contractual Services	137,323	77,076
Intra-State Transfers	360,776	307,386
Equipment	60,105	128,688
Depreciation Expense	<u>30,578</u>	<u>28,050</u>
Total General Fund Expense	2,387,072	2,146,098
Total Trust Fund Expense	<u>3,401,699</u>	<u>2,858,884</u>
Total Operating Expense	\$5,788,771	\$5,004,982
 OPERATING INCOME	<u>\$49,507,553</u>	<u>\$45,304,362</u>
 OTHER INCOME		
License & Permit Fees	\$7,069,493	\$6,611,329
Wine Tax Collections	5,614,251	5,271,411
Miscellaneous Income	<u>2,489,564</u>	<u>2,332,952</u>
Total Other Income	<u>\$15,173,308</u>	<u>\$14,215,692</u>
 TOTAL NET INCOME	<u>\$64,680,861</u>	<u>\$59,520,054</u>

FINANCIAL POSITION

	YEAR ENDED 30-Jun-06	YEAR ENDED 30-Jun-05
CURRENT ASSETS:		
Cash	\$15,485,452	\$10,049,127
Accounts Receivable	735,146	826,478
Liquor Inventory Cost	<u>1,116,616</u>	<u>958,698</u>
Total Current Assets	\$17,337,214	\$11,834,303
 OTHER ASSETS:		
Reserves	\$62,598	\$39,102
Equipment	85,839	112,231
Building & Land	<u>210,000</u>	<u>210,000</u>
Total Other Assets	\$358,437	\$361,333
 TOTAL ASSETS	<u>\$17,695,651</u>	<u>\$12,195,636</u>
 CURRENT LIABILITIES:		
Prepaid Rent	\$300	\$1,300
Accounts Payable	14,638,690	10,205,112
Due Approving Bodies of Licensee	<u>794,051</u>	<u>771,716</u>
 TOTAL LIABILITIES	\$15,433,041	\$10,978,128
 EQUITY:	<u>\$2,262,610</u>	<u>\$1,217,508</u>
 TOTAL LIABILITIES & EQUITY	<u>\$17,695,651</u>	<u>\$12,195,636</u>

COMPARATIVE STATEMENT OF LIQUOR SALES

	YEAR ENDED 30-Jun-06 Gallons	YEAR ENDED 30-Jun-05 Gallons	INCREASE (DECREASE) Gallons	INCREASE (DECREASE) Percent
DISTILLED SPIRITS				
Blended Whiskey	185,271	181,551	3,720	2%
Straight Whiskey	162,296	157,775	4,521	3%
Tennessee Whiskey	93,400	87,717	5,683	6%
Bottled in Bond – Bourbon	491	479	11	2%
Straight Whiskey Rye	517	473	44	9%
Canadian Whiskey	497,255	479,451	17,804	4%
Scotch Whiskey	78,337	81,740	(3,403)	-4%
Single Malt Scotch	8,922	8,389	533	6%
Irish Whiskey	6,887	5,491	1,396	25%
Tequila	170,280	127,720	42,561	33%
Vodka	916,914	839,791	77,123	9%
Gin – American	105,881	104,864	1,017	1%
Gin – Foreign	35,710	33,310	2,400	7%
Sloe Gin	3,233	3,342	(108)	-3%
Brandy – American	100,563	99,157	1,407	1%
Brandy – Foreign	22,779	20,564	2,214	11%
Rum	549,701	495,973	53,728	11%
Cocktails	188,595	161,743	26,852	17%
Cordials – American	235,538	246,043	(10,505)	-4%
Cordials – Foreign	102,003	91,760	10,242	11%
Schnapps	204,279	199,699	4,580	2%
Decanters and Specialty Packs	13,208	17,266	(4,057)	23%
High Proof Beer	12,882	7,522	5,360	71%
Alcohol	7,826	7,163	663	9%
Other	<u>127</u>	<u>6,069</u>	<u>(5,942)</u>	<u>-41%</u>
SPIRITS TOTAL	3,702,894	3,465,049	237,845	7%
WINE SALES*	3,198,209	3,019,387	178,822	6%
BEER SALES*	75,139,849	74,049,383	1,090,466	1%

IOWA PER CAPITA CONSUMPTION – 2006 (Based on adult population – 21 and over)

DISTILLED SPIRITS 1.91 WINE 1.65 BEER 38.83

**Wine, beer and low proof wine/cooler sales are based on sales by wholesalers to retailers.
The wine per capita tabulation represents products legally defined as wine.*

VENDOR ANALYSIS

VENDOR	CASES	COST	VENDOR	CASES	COST
3-D Spirits	4	473	Kobrand Corporation	690	91,085
3 Vodka Distilleries	54	7,975	Laird and Company	51,374	2,158,349
Allied Domecq Spirits & Wine	32,260	3,513,413	Luctor International	1	192
Anchor Brewing	4	396	Luxco	147,730	6,901,608
Artisanal Imports	118	2,951	Mango Bottling	1,097	56,806
Bacardi Imports, Inc.	79,404	7,463,762	Manneken-Brussel	463	20,242
Bacmar	7	845	McCormick Distilling	36,395	1,731,225
Barton Brands, Inc.	208,344	11,038,968	Merchant du Vin	538	19,158
Bardenheier Wine	40	6,330	MHW, Ltd.	155	17,393
Belakus Mfg.	122	4,736	Millennium Import Co.	1,372	157,720
Blavod Extreme Beverage	126	9,788	Moet Hennessy	7,641	1,628,933
Boston Beer Co.	72	2,173	Monsieur Henri	78	8,875
Breckenridge Brewery	300	5,610	Niche Import Co.	55	8,608
Brown-Forman Corporation	60,033	7,525,474	Nolet Spirits USA	2,810	460,426
B United International	468	20,339	North Coast Brewing	112	2,527
Canandaigua Wine Co., Inc.	5,421	316,313	Oregon Brewing Co.	22	2,050
Capstone International	1	147	Paramount Distillers	78,025	3,665,991
Cedar Ridge Vineyard	104	12,966	Paterno Imports, Ltd.	547	43,018
Charles Jacquin Et. Cie, Inc.	2,391	222,966	Patron Spirits	1,581	434,566
Cruzan International	3,646	263,598	Pernod Ricard	29,390	3,386,903
D & V International, Inc.	686	37,175	Phillips Beverage Co.	42,988	2,069,791
Diageo North America, Inc.	269,364	26,214,266	Planet 10	178	32,049
Distillerie Stock U.S.A., Ltd.	826	95,233	Quadro Group	423	85,070
Dreyfus Ashby	4	547	Quality Wine	1	760
Drinks America	15	2,200	Remy Cointreau, Inc.	4,080	797,806
E & J Gallo Winery	12,217	776,235	Sazerac Co., Inc.	15,056	1,295,616
F Korbel & Bros., Inc.	1,131	77,118	Shaw Ross Intl Importers	872	22,145
Future Brands LLC	138,926	11,639,849	Shelton Brothers	196	9,041
Great Lakes Liquor Co.	9,160	513,999	Sidney Frank Importing	28,055	4,568,165
Goose Island Brewery	120	5,520	Sierra Nevada Brewery	435	11,316
Harbrew Imports	11	1,980	Sky Spirits	7,926	1,014,725
Heaven Hill Distilleries, Inc.	23,453	1,466,144	Spaten, Inc.	335	9,495
Hood River Distillers, Inc.	67	6,428	Specialty Spirits	212	14,934

VENDOR ANALYSIS (Continued)

VENDOR	CASES	COST	VENDOR	CASES	COST
Spirits Marque One LLC	1,081	83,611	Wetten Importers	237	15,238
Stellar Importing Co., LLC	75	8,243	White Rock Distilleries	42,606	2,492,420
Summit Brewery	191	3,667	Wildman and Sons	6	1,740
Urban Brands	64	3,454	William Grant & Sons	3,234	410,434
U. S. Distilled Product Co.	229	29,918	Wilson Daniels	609	40,573
Vanberg and Dewulf	55	2,425	Win It Too, Global Beer	565	29,322
			Total Purchases	<u>1,358,684</u>	<u>\$105,103,550</u>

LICENSES AND PERMITS PROCESSED

RETAIL		NUMBER	REVENUE	
BB	Commercial-Beer On/Off Premises	1,146	\$23,129	*
BC	Retail Store-Beer Off Premises	2,771	262,170	*
LA	Private Club-Liquor/Wine/Beer On Premises	167	116,734	
LB	Hotel/Motel-Liquor/Wine/Beer On Premises-Beer Off Premises	106	193,298	
LC	Commercial-Liquor/Wine/Beer On Premises-Beer Off Premises	3,920	5,581,043	
LD	Common Carrier-Liquor/Wine/Beer On Premises	26	5,720	
LE	Commercial-Liquor Off Premises	532	2,674,629	
BW	Special-Beer/Wine On Premises-Beer Off Premises	409	197,828	
WB	Retail Store-Wine Off Premises	332	145,920	
WBN	Retail Store -Native Wine Off Premises	169	4,046	
WCN	Commercial-Native Wine On/Off Premises	<u>15</u>	<u>255</u>	
	Subtotal	9,593	\$9,204,772	
WHOLESALE				
BA	Beer Wholesaler	47	\$11,750	
BAN	Native Wholesale Beer Distributor	2	500	
WA	Wine Wholesaler	24	18,000	
WAN	Native Wholesale Wine Distributor	<u>48</u>	<u>1,200</u>	
	Subtotal	121	\$31,450	
OTHER				
	Brewers Certificate of Compliance	93	\$9,300	
	Distillers Certificate of Compliance	70	3,500	
	Vintners Certificate of Compliance	339	33,900	
	Manufacturers Permits	3	1,050	
	Special Permits	<u>5</u>	<u>125.00</u>	
	Subtotal	<u>510</u>	<u>\$47,875</u>	
	Total	9,721	\$9,164,042	
	Less Refunds	<u>0</u>	<u>146,768</u>	
	Grand Total	<u>11,092</u>	<u>\$9,310,810</u>	

* Sunday Sales Fees Only – Local Authority Retains Main Licensing Fee

ADMINISTRATIVE HEARINGS

Sales to Minors

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	6
LB	Hotel/Motel	Liquor/Wine/Beer/On Premises-Beer Off Premises	0
LE	Retail Stores	Liquor – Off Premises	1
BC	Retail Stores	Beer – Off Premises	<u>11</u>
		Total	18

Summary Suspensions/Failure to Maintain Dram Liability Insurance

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	30
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Summary Suspensions/Revocations

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	1
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Illegal Gambling

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	12
BC	Retail Stores	Beer Off Premises	<u>2</u>
		Total	14

Sales During Prohibited Hours

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	6
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Illegal Activity

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	8
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Intoxication

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	3
LD	Boat	Beer/Liquor/Wine/On Premises	1
LB	Hotel/Motel	Liquor/Wine/Beer/On Premises – Beer Off Premises	<u>1</u>
		Total	5

ADMINISTRATIVE HEARINGS Continued

Credit Sales

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	1
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Good Moral Character

LC	Commercial	Liquor/Wine/Beer/On Premises-Beer Off Premises	2
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APPEAL HEARINGS

Denied Licenses

Liquor	11
Beer	<u>4</u>
Total	15